

## BOARD OF REGENTS, STATE OF IOWA UIHC COMMITTEE MEETING

December 6, 2006

8:30-11:30 a.m.

Clasen Memorial Board Room, UIHC  
Iowa City, Iowa

- |  |   |
|--|---|
| I. Introductory Comments                                 | Regent Robert N. Downer, Chair<br>Donna Katen-Bahensky, Director and Chief Executive Officer  |
| II. Fiscal Year 2006 in Review                           | Donna Katen-Bahensky  |
| III. Operations and Finance Report,<br>FYTD October 2006 | Donna Katen-Bahensky<br>Dan Rieber, Interim Associate Director and Chief Financial Officer  |
| IV IowaCare Update                                       | Donna Katen-Bahensky<br>Stacey Cyphert, Special Advisor to the President,<br>Special Advisor to the Dean of CCOM,<br>Senior Assistant Hospital Director |
| V. Director's Remarks                                    | Donna Katen-Bahensky  |

# **Fiscal Year 2006 in Review**

**Donna Katen-Bahensky**

Director and Chief Executive Officer

# Accomplishments

## **FY 2006 Accomplishments Build Upon Prior Years' Successes**

In the preceding three years, UIHC has:

- Enhanced the quality of care for all patients while fulfilling the mission of providing care to those unable to pay
- Maintained focus on all three missions – patient care, education, and research – in partnership with the Carver College of Medicine and Faculty Practice Plan
- Recruited eight new Clinical Department Heads in major CCOM departments
- Maintained a vital and engaged cadre of professional health care staff.
- Became the first hospital in the State to receive Magnet Status for Nursing from the American Nurses Credentialing Center
- Achieved targeted margins and maintained a very high bond rating (Moody's Aa2, Standard & Poor's AA)

## Enhanced Patient Care

- Provided care at 280 outreach clinics in 51 Iowa communities, including child health specialty clinics in 14 Iowa communities
- Cared for patients who were nearly twice as sick as those cared for in other Iowa Hospitals (1.70 case mix index at the UIHC versus 0.96 CMI in all Iowa hospitals for all acute patients)
- Improved statewide market share to 7.0% – market leader in Johnson County
- Received full JCAHO accreditation – December 10, 2004
- Only American College of Surgeons accredited Level I Trauma Center in State of Iowa
- Only burn center in State verified by American Burn Association
- World class neonatal intensive care unit with standardized mortality rate at 6th percentile nationally (Vermont Oxford Scale)

## Education

- 2,395 students trained in 47 health science programs including 380 nursing, 96 pharmacy, 174 radiology technician, and 95 physical and occupational therapists, among others
- 663 UIHC resident and fellowship trainees in 23 specialties and multiple subspecialty training programs
- Half of all physicians in Iowa have trained at the UIHC
- Continuing education and practical experiences for over 600 other health professionals from statewide communities
- Continuing educational classes for physicians from Iowa and across the nation
- Ranked 9th among 125 US medical schools in primary care by US News & World Report

## Research Highlights

- The UI Carver College of Medicine was awarded more than \$164 million in external funding last year
- Among public medical schools, CCOM ranked 13th based on NIH funding
- Seven CCOM departments rank in the top 20 medical schools in terms of NIH funding:
  - Orthopaedics, Pediatrics, Otolaryngology, Microbiology, Radiation Oncology, Urology, Anesthesiology
  - Each one of these departments ranks in the top 10 peer departments in public medical schools

# Financial Management

- Achieved targeted operating margins
- Held operating cost per unit of service increases to 3.9% over the last 3 years, significantly below the rate of healthcare inflation of 14.9%
- Increased productivity by 2.0% on an annual basis for last two years
- Accomplished supply chain management efficiencies resulting in over \$17.3 million in inventory and cost savings over three years
- Funded an annual average of \$88.6 million dollars of capital with no state capital support
- Reduced net days in accounts receivable from 107 to 49 days
- Completed eight Lean Sigma projects enhancing patient access, while reducing non-value added steps and waste
- Instituted more disciplined decision-making related to operating and capital budgets
- Implemented productivity-based labor budgeting



# UIHC Calendar Year 2005 Economic Impact

	Johnson County	State of Iowa
<b>Direct Health Care Jobs</b>	7,158	7,480
<b>Total Jobs Tied to UIHC</b>	12,404	16,027
<b>Direct Worker Income</b>	\$338 M	\$349 M
<b>Total Income Tied to UIHC</b>	\$458 M	\$610 M
<b>Taxable Retail Sales</b>	\$165 M	\$212 M
<b>Sales Tax Revenue</b>	\$8.3 M	\$10.6 M

Sources: Minnesota IMPLAN Group, Inc., Iowa Hospital Association, UIHC Audited Financial Statement

# Awards and Recognition

# U.S. News & World Report

**For the Seventeenth Consecutive Year,  
University of Iowa Health Care Specialties Earned High Rankings**



**2<sup>nd</sup> Otolaryngology**

**6<sup>th</sup> Ophthalmology & Visual Sciences**

**7<sup>th</sup> Orthopaedic Surgery**

**17<sup>th</sup> Urology**

**30<sup>th</sup> Gynecology**

**41<sup>st</sup> Kidney Disease**

## Best Doctors in America 2006

- The Best Doctors in America database includes approximately 35,000 doctors
- Represents the top 3% of specialists in the country
- 188 physicians from UI Hospitals and Clinics/UI Carver College of Medicine made the list in 2006
  - UI physicians comprise over one-third of the approximately 500 Iowa doctors listed
  - 36 UI medical specialties are represented



## Continued Success as a “Magnet” Hospital



To receive the Magnet Award for nursing excellence is a huge achievement. To be first in Iowa is even more impressive.

Talent. Teamwork. Respect. Integrity. Compassion. Many qualities make up an outstanding nursing staff. Ours was just recognized for having them all. The prestigious Magnet Award from the American Nurses Credentialing Center symbolizes the highest caliber of nursing. It's a tribute to expert nursing practice, innovative nursing research, a supportive professional environment, as well as a level of dedication to patient care and safety that's unsurpassed.

For more information, call 319-384-8442 or 800-777-8442. Or visit [uihealthcare.com/nursing](http://uihealthcare.com/nursing).



Changing Medicine. Changing Lives

- Magnet award is sponsored by the American Nurses Credentialing Center
- Designation helps consumers locate health care organizations that have a proven level of excellence in nursing care
- Provides a vehicle for disseminating successful practices and strategies among nursing systems
- Based on quality indicators and standards of nursing practice (qualitative and quantitative factors)
- UIHC was the first hospital in Iowa to receive Magnet designation

## 100 Best Nurses in Iowa for 2006

19 of Iowa's 100 Best Nurses are right here at UIHC:

- Linda Abbott
- Rosemary Adam
- Julie Aschenbrenner
- Heide Bursch
- Michele Farrington
- Myrna Gordon
- Renee Gould
- Colleen Hoxmeier
- Elizabeth Hradek
- Sara Kendall
- Barbara Kindred
- Linda Moeller
- Lou Ann Montgomery
- Laura Phearman
- Barb Ryan
- Karen Stenger
- Cheryl Vahl
- Michele Wagner
- Susan Wells

## Bariatric Center of Excellence

- UIHC received recognition for having a well-integrated program that helps promote patient safety and provides cross-functional team support to bariatric surgery patients
- Selection criteria for Centers of Excellence include:
  - Quality of post surgical follow-up care
  - Ability of clients to maintain their weight loss
  - Morbidity/mortality rates
  - Pre- and post-surgical education for patients and plans for follow-up care
  - Appropriate equipment for management of care for morbidly obese patients
  - Ongoing quality management and improvement programs
  - Physician and staff experience and credentials
- UIHC was designated by Wellmark Blue Cross and Blue Shield of Iowa as a Bariatric (weight-loss) Surgery Center of Excellence
- UIHC was also designated as a National Center of Excellence by the national Blue Cross Blue Shield organization

## Executive Excellence

- American Organization of Nurse Executives Presidency
  - Linda Q. Everett, RN, PhD, CNAA, BC; Associate Director, UIHC, and Chief Nursing Officer; Director of Nursing Services and Patient Care; and Associate Dean, Clinical Practice, UI College of Nursing, Iowa City, IA, is president-elect of the American Organization of Nurse Executives (AONE)
  - Dr. Everett was selected through a national membership online vote; she will serve as AONE's president-elect for a one-year term beginning January 1, 2006, and will become president for a one-year term beginning January 1, 2007
- Women of Influence Award
  - The Corridor Business Journal is a weekly business publication focused on providing local business news and information to business and community leaders along the Cedar Rapids and Iowa City Corridor
  - The Corridor Business journal awarded Linda Q. Everett a Women of Influence Award at a special ceremony in March of 2006



# Miscellaneous Awards and Recognition

- 2005 Heart and Hands Award
  - Recognizes outstanding and exceptional volunteer service to the community and/or The University of Iowa
  - UIHC had 17 employees recognized in 2005
  - One award went to Donna Katen-Bahensky, Director and CEO
  - Overall Award Winners: Rhonda Cass, Doris Hughes and Dr. Michael Maharry
- ADDY® Awards
  - Projects coordinated by Joint Office for Marketing and Communications staff resulted in two Gold ADDY® awards, including one named a “Best in Category” and two Silver ADDY® awards
- Diabetes Education Program Recognition
  - UIHC Diabetes Self-Management Program was awarded Education Recognition by the American Diabetes Association in August, 2005
- Organ Donation Medal of Honor
  - For the twelve-month period ending 9/30/2005, UIHC had a 95% success rate in converting eligible donors to actual donors
  - On December 23, 2005 UI transplant specialists set a record for the state of Iowa, obtaining eight organs for transplantation from a single donor

## Miscellaneous Awards and Recognition (cont'd)

- Iowa Business Council
  - Vice-chair: Donna Katen-Bahensky
- Council of Teaching Hospitals
  - Administrative Board: Donna Katen-Bahensky
- UHC Best Performer for Medication Safety
  - University HealthSystem Consortium recognized UIHC's Pharmacy as a Best Performer for medication safety
  - UIHC and the University of Wisconsin are tied for top honors nationally

## Miscellaneous Awards and Recognition (cont'd)

- 2006 National Commission on Libraries and Information Award
  - Cancer information project at UIHC Patients' Library recognized
- Neonatal Research Network
  - The Children's Hospital of Iowa Neonatal Intensive Care Unit (NICU) was one of 16 centers chosen to join the Neonatal Research Network, an elite national network of research centers
  - Selection includes a five-year, \$1.37 million award from the National Institute of Child Health and Human Development

## Miscellaneous Awards and Recognition (cont'd)

- UI Administrator appointed to Board of Examiners for the Malcolm Baldrige National Quality Award
  - Deb Thoman, UIHC's compliance and privacy officer, will serve on the 2006 Board of Examiners
- UIHC selected as an Institute for Healthcare Improvement 100K Lives Campaign Mentor Institution for Rapid Response Teams
  - UIHC will serve as a consultant to other hospitals for the implementation of innovative practice changes that enhance quality and safety
- Improving our Workplace Award
  - Sponsored by the University of Iowa
  - Criteria include: community building and collaboration; cost-saving; customer satisfaction; development, preservation, or dissemination of knowledge; enhancing the student or patient experience; healthy working relationships and a supportive environment; outreach to community and state; process improvement; project development; safety; staff development through mentoring; stewardship of University resources
  - UIHC employees were represented on 9 of 10 teams recognized
  - 61 UIHC employees recognized altogether

# Strategic Plan

## Our Vision

We will be the Midwest hospital that people choose for:

- ***innovative care,***
- ***excellent service,*** and
- ***exceptional outcomes.***

We will be an internationally recognized academic medical center in partnership with the Carver College of Medicine.

# How Do We Get There?

- ***Innovative Care***
  - Care Delivery
  - Clinical Programs
- ***Excellent Service***
  - Patient Satisfaction
  - Referring Physician Satisfaction
  - Staff, Faculty and Volunteer Engagement
- ***Exceptional Outcomes***
  - Safety
  - Clinical Outcomes
- ***Strategic Support***

# Innovative Care Goals

- **Care Delivery**
  - UIHC will be recognized in new and more efficient Health Care delivery models that emphasize a quality-driven experience
- **Clinical Programs**
  - Select services will be market leaders with cutting edge clinical services, robust research, and strong training opportunities



# Excellent Service Goals

- **Patient Satisfaction**
  - Patients and families will be highly satisfied with their entire UIHC experience
- **Referring Physician Satisfaction**
  - Referring physicians will recognize UIHC for its efficient and effective support to their patients
- **Staff, Faculty and Volunteer Engagement**
  - Staff, faculty and volunteers feel valued and engaged in the pursuit of UIHC's vision

# Exceptional Outcomes Goals

- **Safety**
  - UIHC will provide a continuously improving, safe environment for all patients at all times
- **Clinical Outcomes**
  - UIHC will use a continuous improvement process to achieve exceptional clinical outcomes

# Challenges

## More Efficient Healthcare Delivery Models

- Communication across departments/colleges
- Technology needs – cost and market changes
- Pay-for-performance and third-party payers
- Utilization of clinical protocols
- Behavioral change required to improve productivity and throughput

## Positioning Select UIHC Clinical Services

- Differing expectations for the hospital's future
- Management and faculty salaries
- Capital needs and maintaining adequate reserves
- Achieving consistency of care and service continuum
- Decentralized decision-making and management structure

# Patient, Family & Referring Physician Satisfaction

- Behavioral change required to improve throughput
- Achieving quality across the continuum
- Developing an organization-wide culture of patient-centeredness
- Communication of change across the organization
- Meeting consumers' ever-increasing expectations
- Geographic distribution of services
- Lack of service standards related to inpatients, outpatients, and referring physicians

# Engaged Faculty, Staff and Volunteers

- Creating a culture of accountability
- Recruitment of physicians/physician leadership
- Lack of flexibility in setting salaries
- Health care personnel shortages
- Hiring and evaluation based on excellent service behavior

## Patient and Staff Safety

- Technology requirements – cost and complexity
- Patient safety and error reporting built into the culture
- Increasing levels of regulation
- Performance expectations related to patient safety
- System issues



# Clinical Outcomes

- Multiple entities requesting/requiring quality and outcomes data
- Pay-for-performance and third-party payers
- Achieving consistent quality across the continuum
- Achieving best practice in length of stay
- Utilization of diagnostic services (lab, x-ray, etc.)
- Utilization of clinical protocols

# Strategic Initiatives

## Innovative Care – Strategic Initiatives

- Emergency Trauma Center expansion
- Lung Transplant Program
- CareMaps customized by UIHC experts to standardize and ensure evidence-based care
- University-wide Clinical Research Task Force
- Clinical and Translational Science Award (CTSA)
- UIHC became the first hospital in Iowa to employ new implantable defibrillator technology – Latitude: connects the defibrillator to a device that sends data back to the hospital via the internet for continuous monitoring
- Formation of Standards of Excellence for Inpatient and Ambulatory Services Task Force
  - Ambulatory Standards of Excellence reviewed by Patient and Family Advisory Councils
  - Inpatient Standards of Excellence under development

## Innovative Care – Strategic Initiatives (cont'd)

- Community Partnerships
- Business Planning
  - Cardiac
  - Neurosurgery
  - Cancer
  - Pediatrics
  - Orthopaedics
  - Internal Medicine
- ICU information system
- Stereotactic equipment in Cardiology
- CT Colonography
- Enhanced robotic surgery
- Baby Sim®

## Excellent Service – Strategic Initiatives

- Staff Engagement Survey
- Office for Referring Physicians and Corporate Relationships
- New transfer process has been developed
- Implementation of space improvement plan for house staff
- GME Joint Strategic Planning Task Force
- Establishment of higher expectations for patient satisfaction (strive for “very satisfied” ratings)
- Doctors’ Day: March 30<sup>th</sup>, 2006
  - National Doctor’s Day
  - UIHC Doctor’s Day Celebration
- House Staff Reception on May 31<sup>st</sup>, 2006
  - Recognition event for resident and fellow physicians

## Excellent Service – Strategic Initiatives (cont'd)

- Concierge Service
- Volunteer Floor Hosts
- Patient Satisfaction Work Group review of internal unit-to-unit transfers
- Office of Operational Improvement has coordinated five Kaizen events so far to improve patient throughput in specific areas
  - Echocardiography
  - Infusion Therapy
  - Emergency Trauma Center
  - Center for Digestive Diseases
  - Radiology/Orthopedics
- Interdisciplinary clinical leadership teams (including at least one physician, a nurse manager, and an administrator) have been established throughout ambulatory areas

## Excellent Service – Strategic Initiatives (cont'd)

- Admission streamlining project started by Joint Office for Patient Financial Services
- Recruitment of Associate Hospital Director/CHI Administrator
- Baldrige Steering Committee
- Service Leadership revitalization in process with current focus on service recovery
- Budget submitted for new and existing staff recognition programs
- Community engagement activities
- No Smoking Policy
- Primary Care Clinic North

# Exceptional Outcomes – Strategic Initiatives

- Process Improvement Program
  - Community Acquired Pneumonia
  - Prevention of Surgical Infections and Complications
  - Increased Staff Immunizations
- Medical directors appointed for clinical areas with defined accountabilities for safety and quality initiatives
- Development of Patient Safety Unit
- Participation in National Surgical Quality Improvement Program (NSQIP)
- 100K Lives Campaign
- Electronic Medication Administration Record (EMAR)



## Exceptional Outcomes – Strategic Initiatives (cont'd)

- Electronic Medication Administration
- Iowa Healthcare Collaborative
- CMS Data Reporting
- UHC Commit to Action Team
  - Intensive Glycemic Control Outcomes Project
- Perpetual readiness for unannounced tracer visits by the Joint Commission on Accreditation of Healthcare Organizations
- Disaster preparedness/pandemic flu planning
- Flu vaccination drive (70% of clinical staff vaccinated)
- New Quality outcomes databases – Vermont Oxford Network, Surgery, CTS

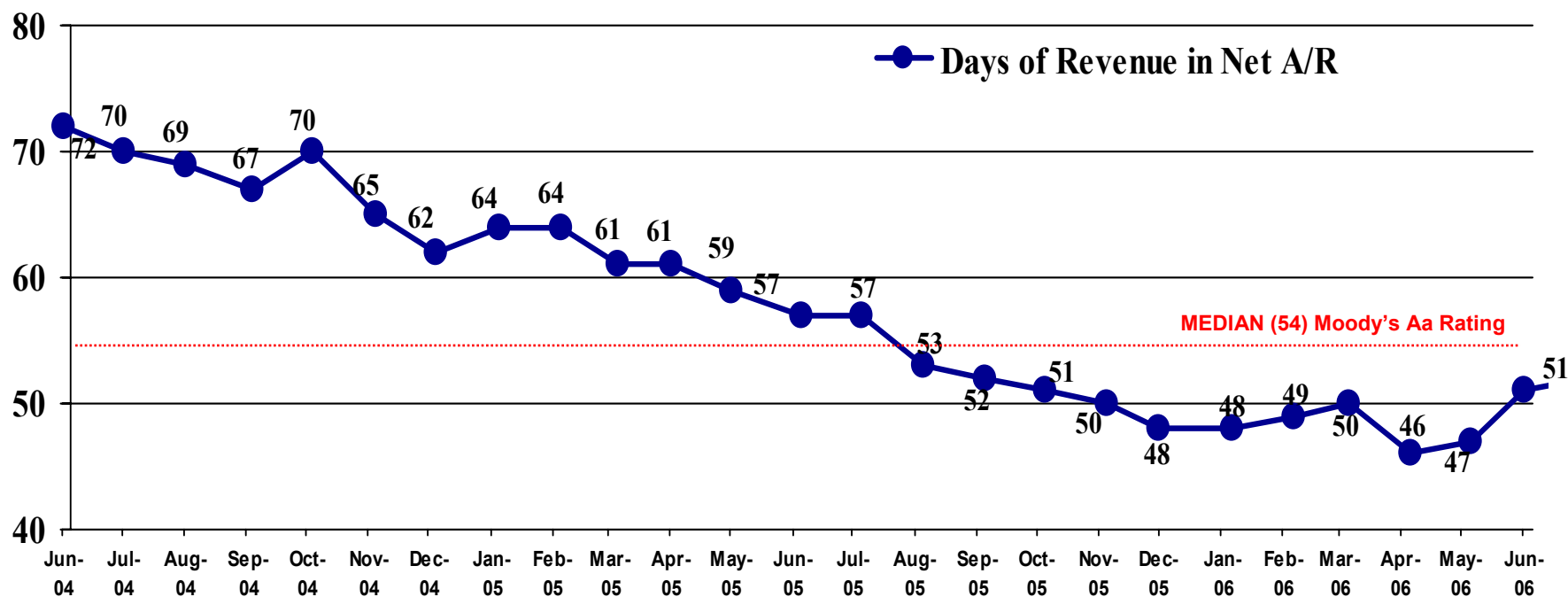
## Strategic Support – Strategic Initiatives

- Five-year Capital Plan
  - Annual update completed in conjunction with capital budget
- Long-term Facilities Plan
- Long-term Financial Plan
- IowaCare/Primary Care Clinic North
- Expansion of marketing campaign
  - Children's services, Cancer, Cardiovascular, Neurosciences
- Clinical Information System RFP and Selection Process
- Management development offerings expanded to support management competencies
- Staff Engagement Survey

# Operating and Financial Performance

# Comparative Accounts Receivable at June 30, 2006

	June 30, 2004	June 30, 2005	June 30, 2006
Net Accounts Receivable	\$110,344,338	\$93,964,049	\$95,976,921
Net Days in AR	72	57	51



# Volume Indicators

July 2005 through June 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
<b>Operating Review (YTD)</b>							
Admissions	26,030	25,839	25,063	191	0.7% ○	967	3.9% ●
Patient Days	172,966	168,362	175,292	4,604	2.7% ○	(2,326)	-1.3% ●
Length of Stay	6.64	6.52	6.99	0.13	2.0% ○	(0.35)	-5.0% ●
Average Daily Census	473.88	461.27	480.25	12.61	2.7% ○	(6.37)	-1.3% ●
Surgeries - Inpatient	10,078	10,038	9,943	40	0.4% ○	135	1.4% ○
Surgeries - Outpatient	10,930	11,232	10,877	(302)	-2.7% ●	53	0.5% ○
Emergency Treatment Center Visits	35,069	33,260	32,768	1,809	5.4% ●	2,301	7.0% ●
Outpatient Clinic Visits	673,947	689,949	668,456	(16,002)	-2.3% ○	5,491	0.8% ○
Case Mix	1.7360	1.6821	1.6821	0.0539	3.2%	0.0539	3.2%
Medicare Case Mix	1.8797	1.8734	1.8734	0.0063	0.3%	0.0063	0.3%

● Greater than  
2.5% Favorable

○ Neutral

● Greater than  
2.5% Unfavorable

# Comparative Financial Results\*

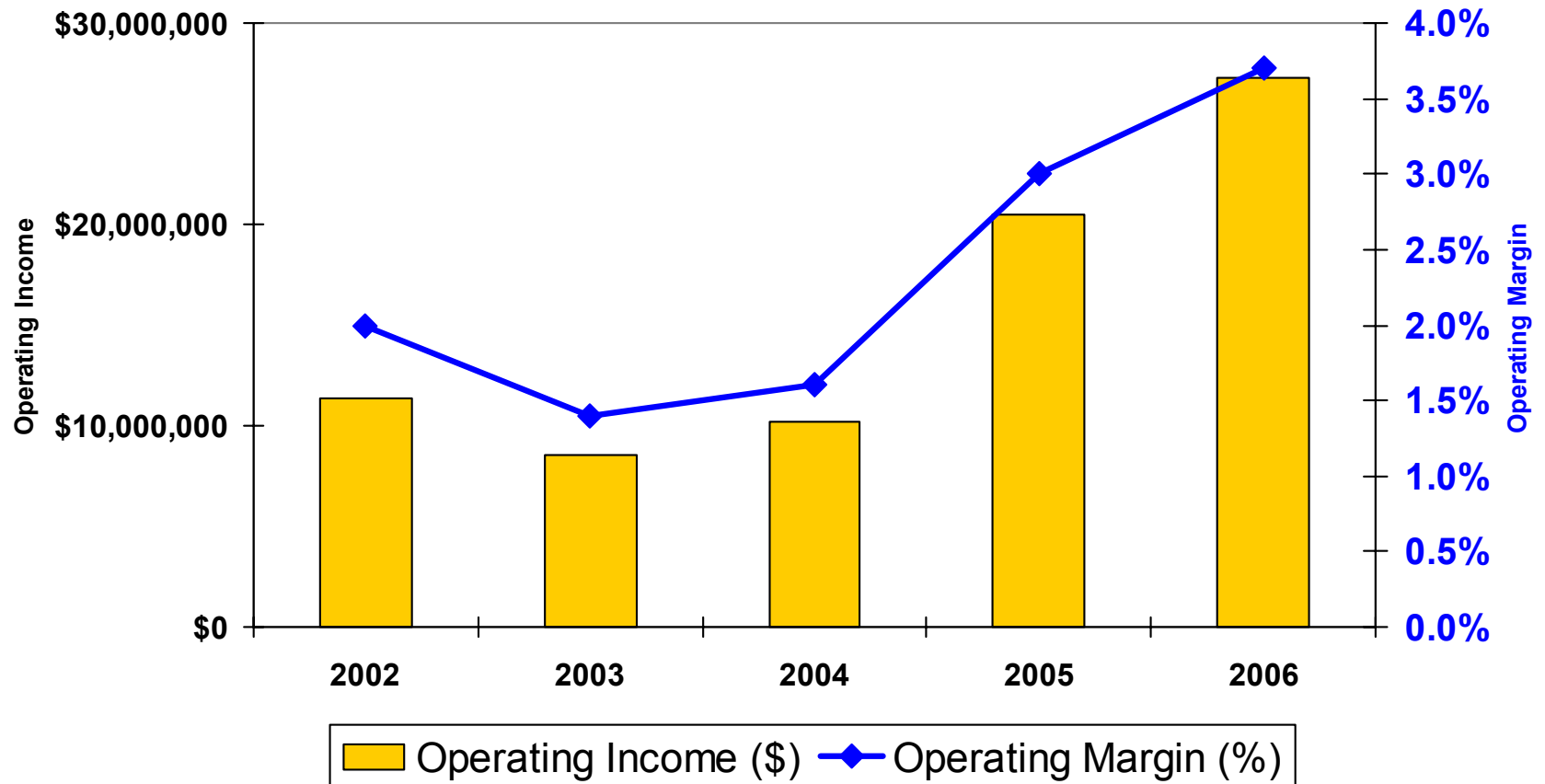
July 2005 through June 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
<b>NET REVENUES:</b>							
Patient Revenue.	\$688,005	\$671,761	\$597,046	\$16,244	2.4%	\$90,959	15.2%
Appropriations	13,406	13,406	40,691	0	0.0%	(27,285)	-67.1%
Other Operating Revenue	38,918	38,910	38,898	8	0.0%	20	0.1%
<b>Total Revenue</b>	<b>\$740,329</b>	<b>\$724,077</b>	<b>\$676,635</b>	<b>\$16,252</b>	<b>2.2%</b>	<b>\$63,694</b>	<b>9.4%</b>
<b>EXPENSES:</b>							
Salaries and Wages	\$370,914	\$374,608	\$350,886	(\$3,694)	-1.0%	\$20,028	5.7%
General Expenses	287,356	277,581	253,812	9,775	3.5%	33,544	13.2%
Operating Expense before Capital	658,270	652,189	604,698	6,081	0.9%	53,572	8.9%
Earnings Before Depreciation, Interest, and Amortization (EBDITA)	82,059	71,888	71,937	10,171	14.2%	10,122	14.1%
Capital- Depreciation and Amortization	54,749	48,718	51,430	6,031	12.4%	3,319	6.5%
<b>Total Operating Expense</b>	<b>\$713,019</b>	<b>\$700,907</b>	<b>\$656,128</b>	<b>\$12,112</b>	<b>1.7%</b>	<b>\$56,891</b>	<b>8.7%</b>
<b>Operating Income</b>	<b>\$27,310</b>	<b>\$23,170</b>	<b>\$20,507</b>	<b>\$4,140</b>	<b>17.9%</b>	<b>\$6,803</b>	<b>33.2%</b>
<b>Operating Margin %</b>	<b>3.7%</b>	<b>3.2%</b>	<b>3.0%</b>	<b>0.5%</b>	<b>15.6%</b>	<b>0.7%</b>	<b>23.3%</b>
Gain (Loss) on Investments	10,328	18,443	11,170	(8,115)	-44.0%	(842)	-7.5%
Non-Recurring Items	10,709	-	6,611	10,709	0.0%	4,098	62.0%
<b>Net Income</b>	<b>48,347</b>	<b>41,613</b>	<b>38,288</b>	<b>6,734</b>	<b>16.2%</b>	<b>10,059</b>	<b>26.3%</b>
<b>Net Margin %</b>	<b>6.4%</b>	<b>5.6%</b>	<b>5.6%</b>	<b>0.8%</b>	<b>14.3%</b>	<b>0.8%</b>	<b>14.3%</b>

**NOTE:** all dollar amounts are in thousands

\*unaudited

# Five-Year History of Operating Income and Operating Margin



## Five-Year Summary of Operating Indicators

	FY2002	FY2003	FY2004	FY2005	(Unaudited) FY2006
<b>Acute Admissions*</b>	23,388	24,104	25,384	25,063	26,030
<b>Length of Stay*</b>	7.59	7.24	6.94	6.99	6.64
<b>Surgical Cases</b>	19,814	20,269	20,644	20,820	21,008
<b>Clinic Visits</b>	622,584	631,443	669,045	668,456	673,947
<b>Market Share</b>	6.2%	6.7%	7.0%	6.9%	7.2%
<b>Net Patient Revenue**</b>	\$499.0M	\$546.0M	\$590.0M	\$624.3M	\$688M
<b>EBDITA</b>	\$51.3M	\$50.0M	\$51.5M	\$71.9M	\$82.1M
<b>EBDITA Margin</b>	9%	8.3%	8%	10.6%	11.1%
<b>Operating Income</b>	\$11.4M	\$8.5M	\$10.2M	\$20.5M	\$27.3M
<b>Operating Margin</b>	2.0%	1.4%	1.6%	3.0%	3.7%
<b>Case Mix Index***</b>					
<b>All Acute Inpatients</b>	1.5866	1.6272	1.5950	1.6384	1.7360
<b>Medicare Inpatients</b>	1.7602	1.8182	1.7822	1.8734	1.8797

\* All years presented exclude newborn nursery utilization.

\*\* Net Patient Revenue includes (FY02-FY05) State Indigent Care Appropriation and (FY06-FY07) Iowa Care receipts.

\*\*\* Case mix index is a national (Medicare) measure of inpatient severity, where the average case intensity is 1.0



## Aa Bond Rating Key Financial Ratio Comparison

	Audited UIHC FY 2002	Audited UIHC FY 2003	Audited UIHC FY 2004	Audited UIHC FY 2005	UIHC FY 06 (Unaudited)	Median Moody's Aa Rating*
<b>Days Cash on Hand</b>	239.4	221.1	214.4	218.4	215.1	235.0
<b>EBDITA Margin</b>	9.0%	8.3%	8.0%	10.6%	10.6%	11.2%
<b>Operating Margin</b>	2.0%	1.4%	1.6%	3.0%	3.3%	4.1%
<b>Debt to Capitalization Percent</b>	1.6%	4.3%	4.0%	3.7%	3.5%	32.0%
<b>Days in Accounts Receivable</b>	67.3	101.3	71.8	57.4	51	53.5
<b>Average Age of Plant</b>	8.9	9.0	9.7	8.2	8.5	9.0

\* Data is compiled from Moody's Investors Service publication "Not for Profit Healthcare: 2005 Outlook and Medians."

\*\* Assumes issuance of \$76.2 million of debt in FY 2007.

# Marketing and Business Development

- Continuation and expansion of “the Academic Difference” campaign theme
- Development of collateral materials to support the primary strategic program priorities and continued development of clinical services
- Initiation of a “Business Development Office”
  - Assessing market opportunities for expanded service lines based on consumer demand
  - Focus on the development and nurturing of referring physician relationships
  - Direct meetings with employers and other important constituencies

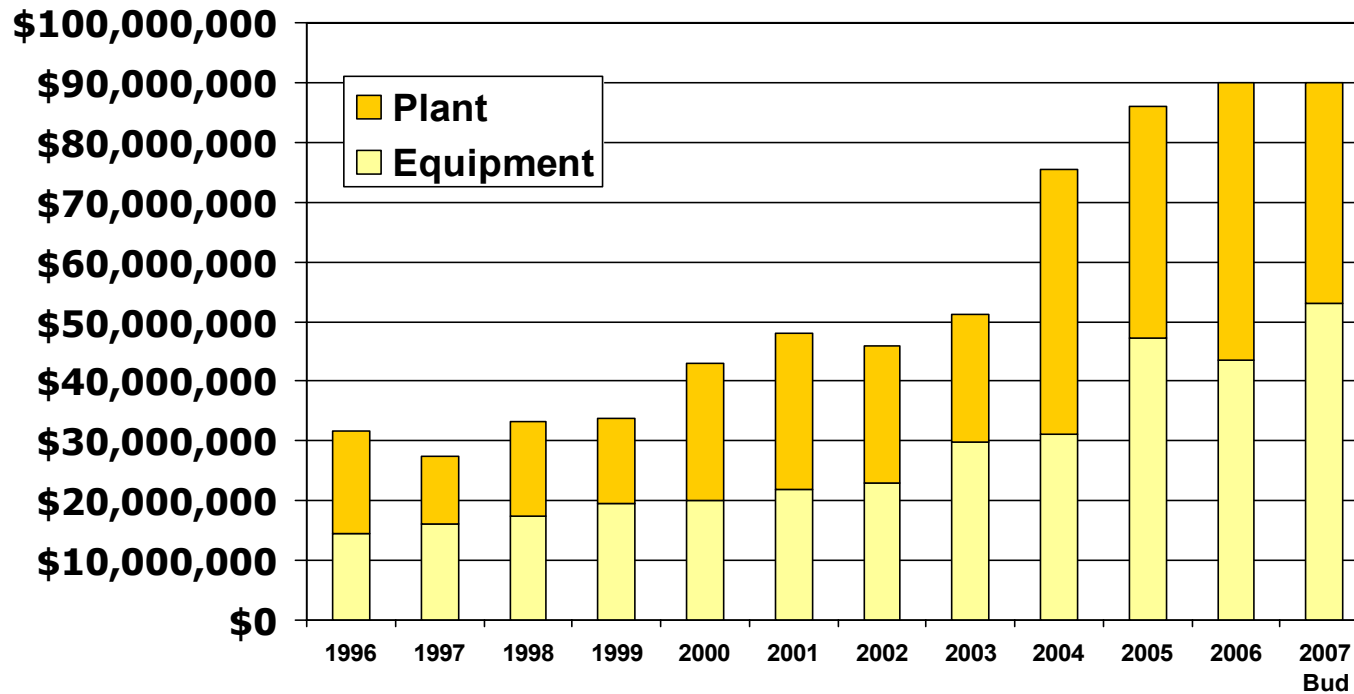
## Acute Inpatient UIHC Market Share FY 2003 – FY 2006

	Market Share			
Iowa	FY2003	FY2004	FY2005	FY2006
Mercy - Des Moines	9.7%	9.5%	9.6%	9.7%
Iowa Methodist - Des Moines	7.5%	7.5%	7.8%	8.1%
UI Hospitals and Clinics	6.7%	7.0%	6.9%	7.1%
Primary Service Area	FY2003	FY2004	FY2005	FY2006
St. Luke's - Cedar Rapids	28.3%	29.1%	28.7%	29.7%
UI Hospitals and Clinics	20.7%	22.0%	22.1%	22.3%
Mercy - Cedar Rapids	20.0%	20.0%	19.49%	19.3%
Johnson County	FY2003	FY2004	FY2005	FY2006
UI Hospitals and Clinics	49.7%	52.5%	52.5%	52.5%
Mercy - Iowa City	45.2%	41.5%	42.1%	42.1%
St. Luke's - Cedar Rapids	2.2%	2.8%	2.8%	2.8%

# Capital Projects

## LINK BETWEEN STRATEGIC PLAN AND FUNDS ALLOCATION

### Capital Spending at the UIHC



\*UIHC's Capital Allocation Committee had internal requests of \$188.2 million for FY07 with a final approved budget of \$90 million.

# Capital Projects Update

- New Construction:
  - Ambulatory Surgery Center
  - Internal Medicine Specialty Clinic
  - Women's Health Center
  - In Vitro Fertilization Clinic
  - Dermatology
- Expansion and Renovation:
  - Children's Hospital of Iowa-Pediatric Inpatient Unit, Pediatric Cath Lab
  - IPCU Development
  - MRI Center
  - Nursing Clinical Education Center
  - PET Imaging Center
  - Cardiology- Heart Clinic/ EP Lab/ Recovery
  - Autopsy Suite
  - Neurosurgery Clinic
  - Emergency Treatment Center

# Emergency Treatment Center Expansion

- Expanded ETC will occupy nearly 60,000 square feet – more than double the size of our current facilities.
- New facility will accommodate trauma and emergency medicine administration, teaching areas including an auditorium, designated space for laboratory and radiology services, and the Emergency Medicine residency program.



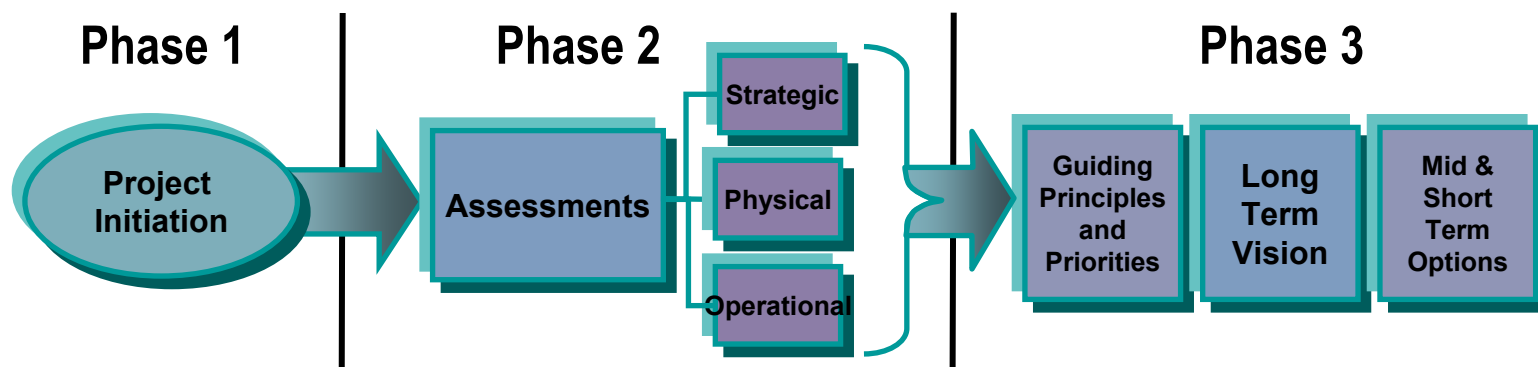
## Long-Range Strategic Facilities Plan

- Upon completion of Facilities envisioned in the Phased Capital Replacement Plan, UIHC noted:
  - Oldest building constructed as part of plan was reaching 30 years of age
  - Significant technological advances were emerging requiring facilities with increasingly greater height, floor space and more sophisticated electrical, mechanical and IT systems
  - Consumer expectations continuing to rise as were requirements for safety, infection control, patient privacy and need for enhanced operational efficiencies
  - Corollary space requirements for teaching and clinical research components of the hospitals tripartite mission were expanding
  - Need for Rational Recapitalization Framework to upgrade building systems and refurbish patient care units as called for in “FY 2001–2010, \$724 million Capital Development Plan”



## Long-Range Strategic Facilities Plan (cont'd)

- With expert assistance from Kurt Salmon and Associates, UIHC developed a new long-term strategic facilities plan in order to:
  - Project utilization of UIHC services for 10-year period from FY 2006 through FY 2015, and general trends that are expected to continue or emerge during the 10-year period from 2016 through FY 2025
  - Identify specific UIHC capital facility needs for 10-year period from FY 2006 through FY 2015, and major capital needs in the subsequent 10 years from FY 2016 through 2025
  - Delineate expected space requirements for specific facility categories, assess the capacity of present buildings to meet these needs and provide recommendations on major capital projects that will needed to meet projected needs



# Long-Range Strategic Facilities Plan (cont'd)

**Top 4 priorities** of Steering Committee and related Master Plan facility implications:

## **1. Family Centered Care**

Space for patients and families (e.g. size of patient rooms), privacy (e.g. all private rooms), physical amenities, ease of access

## **2. Prudent Capital Investment**

Supports strategic and fiscal objectives; provides enduring solution (avoids major investment in short-term buildings); is phase-able, can be accomplished within UIHC's net revenue stream and bonding capacity

## **3. Maximum Utilization**

Facilitates efficient flows; provides flexible, modular space; provides private patients rooms

## **4. Enhanced Safety**

Provides all-private patient rooms; sufficient isolation capacity; systems redundancy / robust IT; consistent room layouts

# Long-Range Strategic Facilities Plan (cont'd)

## What We Know: UIHC Functional Assessment

Existing at UIHC	“State of the Art” (for large tertiary AMC)
<ul style="list-style-type: none"> <li>• Many semi-privates in all towers</li> <li>• Privates rooms range from 138-250 NSF (175 in JPP) vs benchmark of 280 NS</li> </ul>	<ul style="list-style-type: none"> <li>• Large, all-private patient rooms</li> </ul>
<ul style="list-style-type: none"> <li>• OR’s not uniformly sized; many are small; fragmented flow</li> </ul>	<ul style="list-style-type: none"> <li>• Large, efficiently configured surgical suite ORs min 600 NSF; clear &amp; coherent flow</li> </ul>
<ul style="list-style-type: none"> <li>• Dispersed Surgery, Angio, Cath, Endo; multiple anesthesia sites</li> </ul>	<ul style="list-style-type: none"> <li>• Interventional platform with co-located procedural and related support</li> </ul>
<ul style="list-style-type: none"> <li>• No coherent ambulatory “vision”; ambulatory services still in multiple locations</li> <li>• Access from parking not always direct; difficult wayfinding</li> <li>• No consistent strategy for faculty officing</li> </ul>	<ul style="list-style-type: none"> <li>• Ambulatory services well organized, integrated and accessible, often in single large ambulatory care center</li> <li>• Proximate parking, easy wayfinding</li> <li>• Dedicated MD office locations, not co-mingled in clinical areas</li> </ul>
<ul style="list-style-type: none"> <li>• Few family amenities, esp. in inpatient areas</li> <li>• Privacy lacking in waiting, reception, prep/recovery areas</li> </ul>	<ul style="list-style-type: none"> <li>• Strong patient &amp; family amenities</li> </ul>

## Long-Range Strategic Facilities Plan (cont'd)

### Next Steps:

- Finalize facilities plan and presentation
- Complete financing plan
- Present to Board of Regents in Spring of 2007

# Critical Success Factors

# Strategic Priorities Lead to Critical Success Factors

## Key Strategic Priorities

### Innovative Care

#### Innovative Care

- New and More Efficient Healthcare Delivery Models
- Positioning Select UIHC Clinical Services

### Excellent Service

#### Excellent Service

- Patient and Family Satisfaction
- Referring Physician Satisfaction
- Engaged Faculty, Staff and Volunteers

### Exceptional Outcomes

#### Exceptional Outcomes

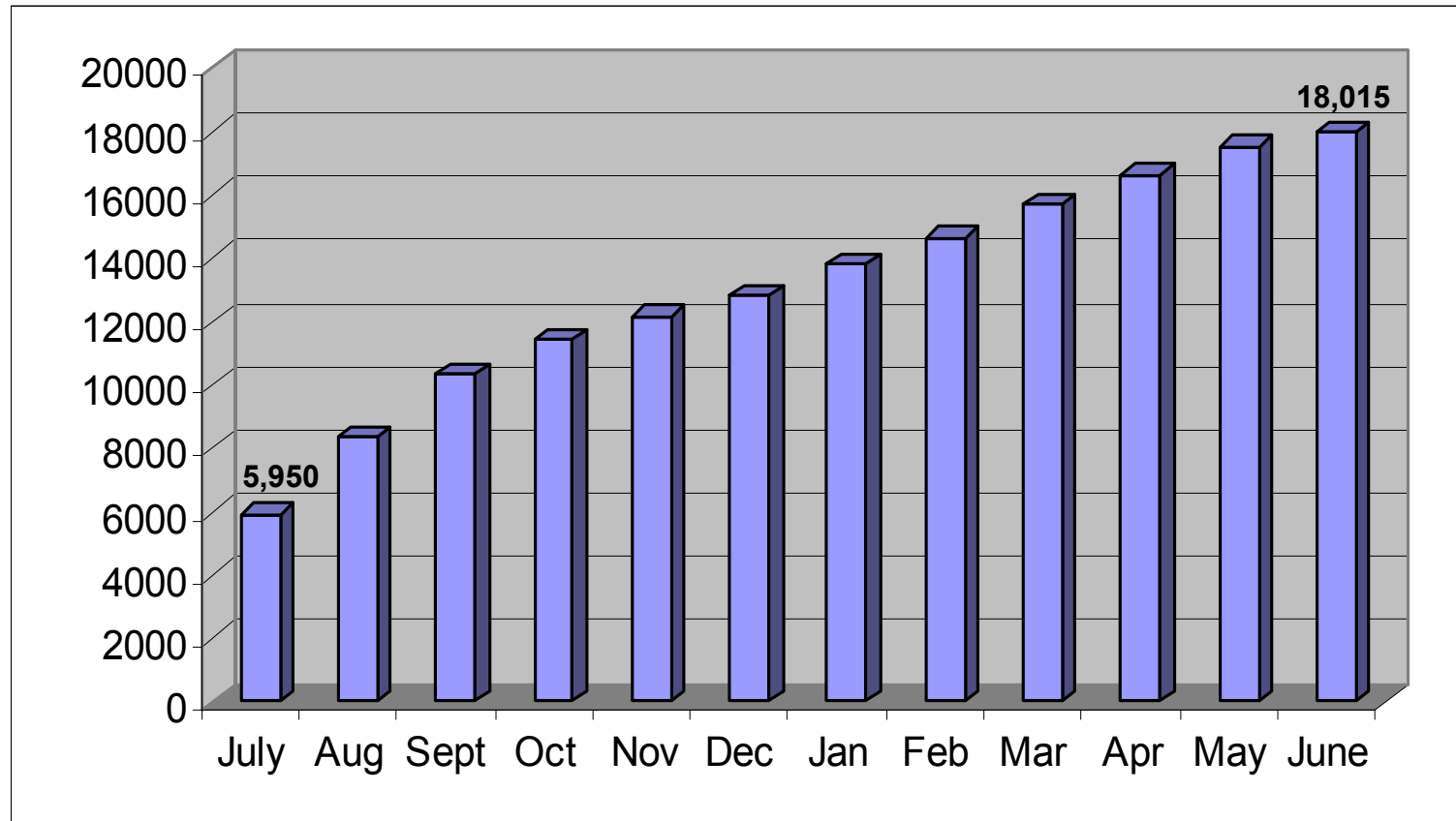
- Patient and Staff Safety
- Clinical Outcomes

## FY 2006 Critical Success Factors

- **IowaCare**
- **Improving Efficiencies**
- **Quality / Safety Outcomes and Reporting**
- **Information Technology**
- **Volume Growth**

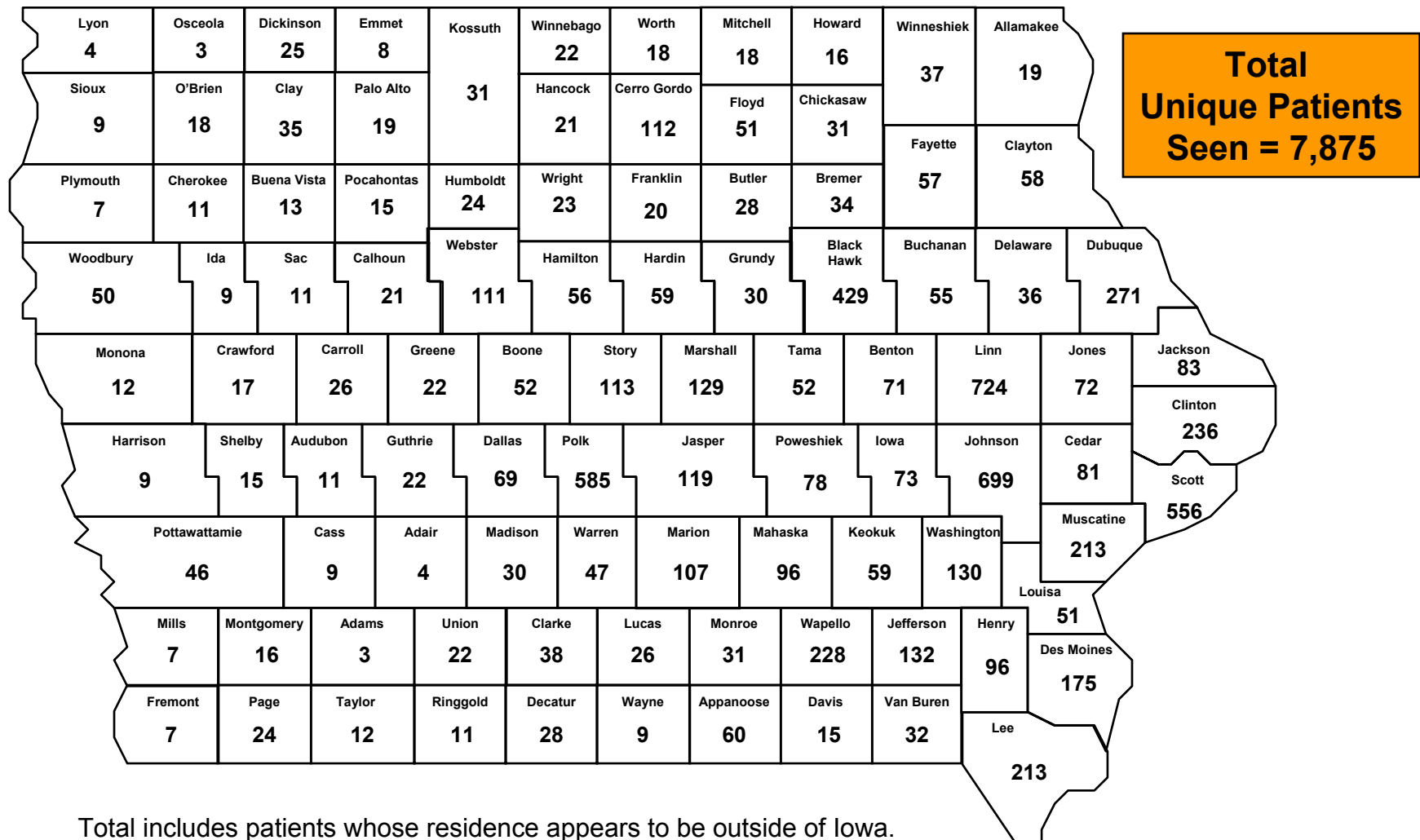
# IowaCare

## FY 06 IowaCare & Chronic Care Enrollment (net of disenrollments)





## Unique IowaCare & Chronic Care Patients\* Seen at the UIHC in FY 06



Total includes patients whose residence appears to be outside of Iowa.

\*Includes patients seen who are no longer enrolled in IowaCare.

## **UIHC IowaCare & Chronic Care Experience Relative to State Papers & Ortho Papers Experience**

- 90% of counties had the same or a greater number of enrolled IowaCare & Chronic Care beneficiaries through May compared to State Papers & Ortho Papers utilized in FY 05.
- The total enrolled IowaCare and Chronic Care population at the end of May represents 401% of the FY 05 State Papers & Ortho Papers utilized in FY 05.
- 70% of counties had the same or a greater number of unique IowaCare & Chronic Care patients seen at the UIHC in FY 06 compared to State Papers & Ortho Papers in FY 05.
- Overall, the UIHC has seen 3,384 more unique IowaCare & Chronic Care patients through June 30, 2006 than State Papers & Ortho Papers patients in FY 05 (175% of the FY 05 total).
- The UIHC fulfilled more than 2,200 requested transportation appointments to 85 different counties that involved travel in excess of 618,000 miles.
- Of all the FY 06 IowaCare & Chronic Care patients that have contacted the UIHC, 20.5% were former State Papers or Ortho Papers in FY 05.

## **UIHC's Financial Experience with IowaCare & Chronic Care**

- The initial appropriation of \$27.3 M was exhausted by the end of April 2006. HF 2347 authorized approximately an additional \$5 M for FY 06. HF 2734 superseded HF 2347 and authorized up to an additional \$10.6 M. Approximately \$34.5 M is anticipated to be paid to the UIHC in FY 06, with the balance rolling into FY 07.
- The UIHC subsidizes the IowaCare program in several ways, including by providing transportation services at costs greater than reimbursement and anticipates its pilot pharmaceutical and durable medical equipment program will increase its subsidization by several million dollars next year.
- The Carver College of Medicine physicians received no reimbursement for the approximately \$9.9 M in services at Medicaid rates they provided to IowaCare beneficiaries in FY 06.

## Iowa Care Assistance Center

- UIHC created the Iowa Care Assistance Center to help patients and care providers with the new IowaCare program.
- ICAC provides information about covered services, local lodging and transportation options, and application forms; the Center can also help with planning care for those former State Papers patients who do not meet the eligibility criteria for IowaCare.
- ICAC is directed by Peggy O'Neill, R.N., MSN, Director, Continuum of Care Management. Janet Schlechte, M.D., serves as Medical Director. Several registered nurses with case management training also staff the Center.

## Primary Care Clinic North (PCCN)

- PCCN opened on November 7, 2005
- Provides primary health care to adult patients eligible for services under IowaCare
- Enhances UIHC's ability to provide timely access to primary care services and greater continuity of care
- Provides a unique service in which a social worker creatively seeks medication assistance for all PCCN patients
- Provides pharmacist consultation services to assist in identification of the most cost-effective medication plans
- Has developed new processes to see patients for pre-operative evaluations and will be initiating Anticoagulation Services

## Pilot Pharmaceutical and Durable Medical Equipment (DME) Programs

- Pilot Pharmaceutical Program
  - Beginning August 14, 2006, UI Hospitals and Clinics started providing generic pharmaceuticals on its formulary to IowaCare patients free of charge for use at home. Only prescriptions written by licensed UI Hospitals and Clinics practitioners and filled at UI Hospitals and Clinics pharmacies are covered. Patients receive no more than a 30-day supply of prescription drugs at any one time.
- Pilot DME Program
  - UI Hospitals and Clinics provides select DME items to IowaCare enrollees free of charge during the pilot period. Common DME items that may be provided under the program include:
    - Orthopedic braces/supports/prosthetics
    - Feeding tubes/pumps
    - IV pumps
    - Oxygen and supplies
    - Ostomy supplies
    - Diabetic supplies (test strips, glucometers, syringes)
    - Dressing supplies
    - Wound evacuators

# Improving Efficiencies

# Lean Sigma

## Example: Center for Digestive Diseases

- Focus Areas
  - Patient Flow – improving patient satisfaction by reducing wait time and overall length of stay
  - Slot Availability (Capacity) – improving patient and referring doctor satisfaction by expanding access and reducing the lead time from Consult to Procedure
- Initial State
  - Patient can wait in one of 4 different areas after check-in
  - If delayed, patient may wait in some other remote area (library, cafeteria, etc.)
  - Patient's family could be in any of these locations
- After Improvements
  - Patient and family provided with pager at check-in
  - No lost staff time searching for patients or family
  - Patient and family are processed more quickly
  - Patient and family satisfaction is improved due to timely feedback of patient status and results

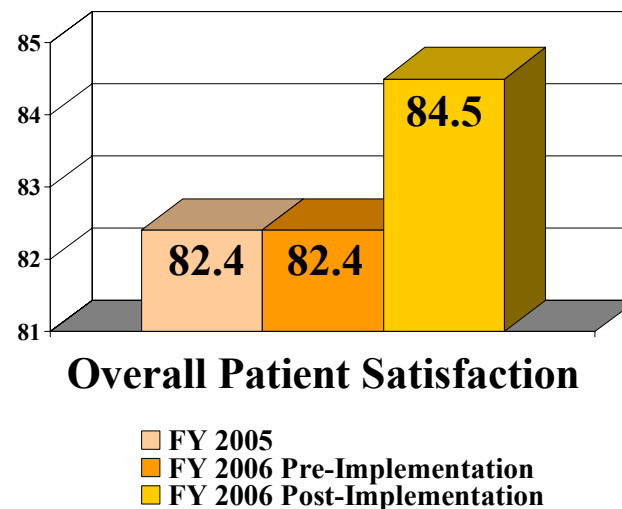
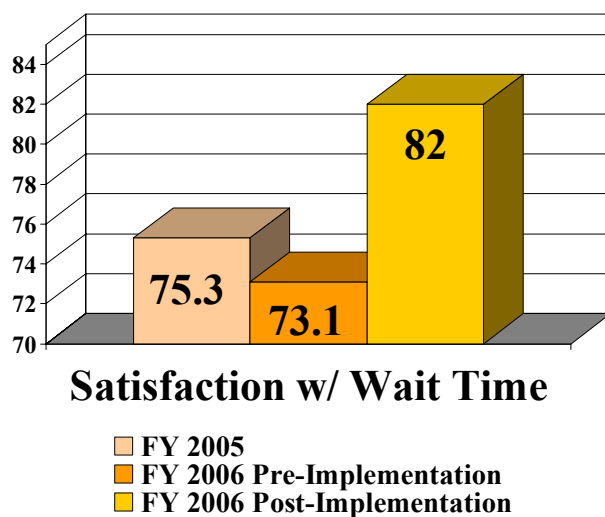
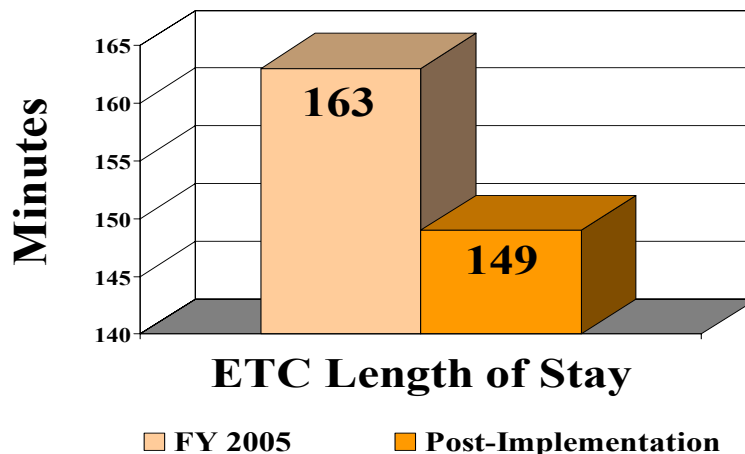




# Process Improvements in Emergency Treatment Center

- Eric Dickson MD, FAAEM
- Needed to improve service to our patients because
  - Patient visits and admissions from the ETC increased significantly from 2003-2005
  - LOS in the ETC increased from 150 min. to 170 min.
  - The percent of patients waiting 3 hours to be seen increased from 1% to 5%
  - Patient Satisfaction scores were decreasing
- Steps taken
  - Patient to Room ASAP
  - Nurse and Provider to room together
  - Immediate notification to provider when x-rays & labs complete
  - Rapid execution of final disposition

## Process improvements in Emergency Treatment Center – Results



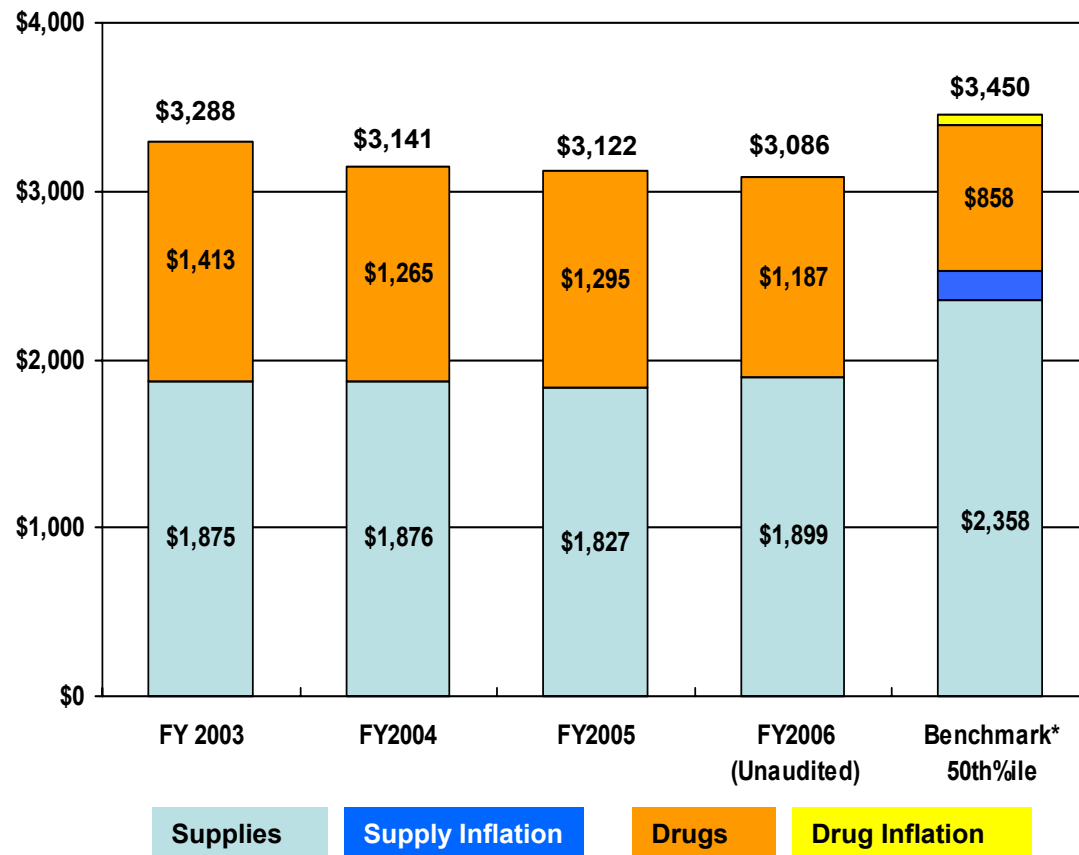
## Ambulatory Care Consultation

- In conjunction with the UI President's Office, issued a request for proposals (RFP) for consultation services to determine the best organizational, management, operational, and financial structure of the ambulatory clinics.
  - December 22, 2005 – Issued RFP
  - January 9, 2006 – Vendor Questions Due
  - January 13, 2006 – Responses to Vendor Questions Issued
  - January 18, 2006 – Due Date for RFP
  - February, 2006 – Oral Presentations
  - June, 2006 to present – Consultation Underway
  - December, 2006 – Projected Completion Date

# Supply Chain

- Supply Chain Improvements
  - Cost avoidance – savings from capital purchases, price protection for the life of an agreement, and free products provided as part of an agreement.
  - One-time savings – savings from reducing inventory, eliminating shipping charges, prompt pay discounts, discounts on service agreements, software agreement negotiations, and credits for expired merchandise.
  - Yearly savings – hard dollar savings from line item purchases for consumables. Also includes price reductions from contract negotiations, rebates and recurring discounts in multi-year agreements.
  - Other – includes inflation avoidance, charge capture, and rebates.
- Disposable endo-mechanical device standardization
- PeopleSoft Inventory Management Implementation
- Vendor Fairs

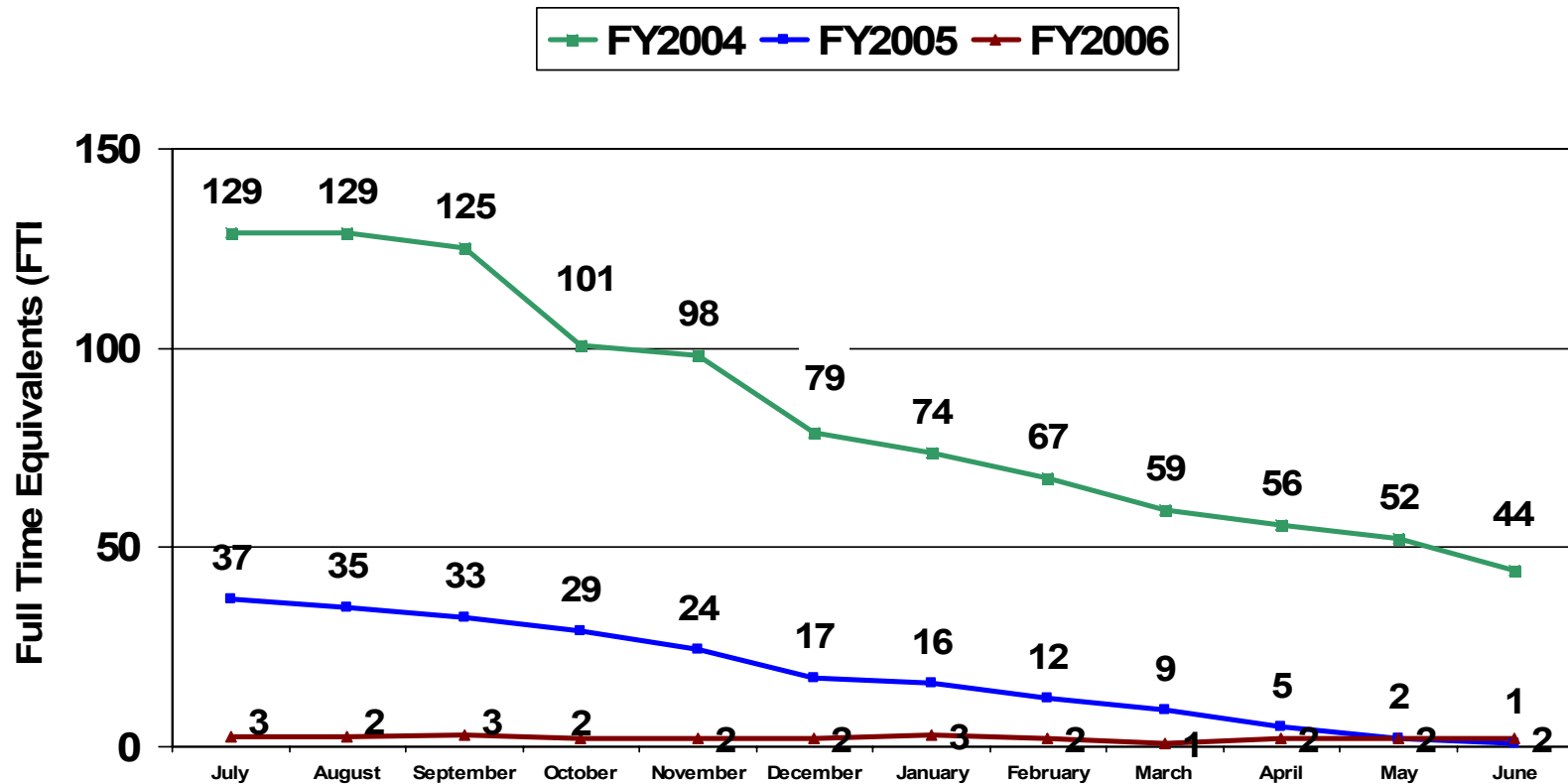
# Supply and Drug Costs per Adjusted Discharge



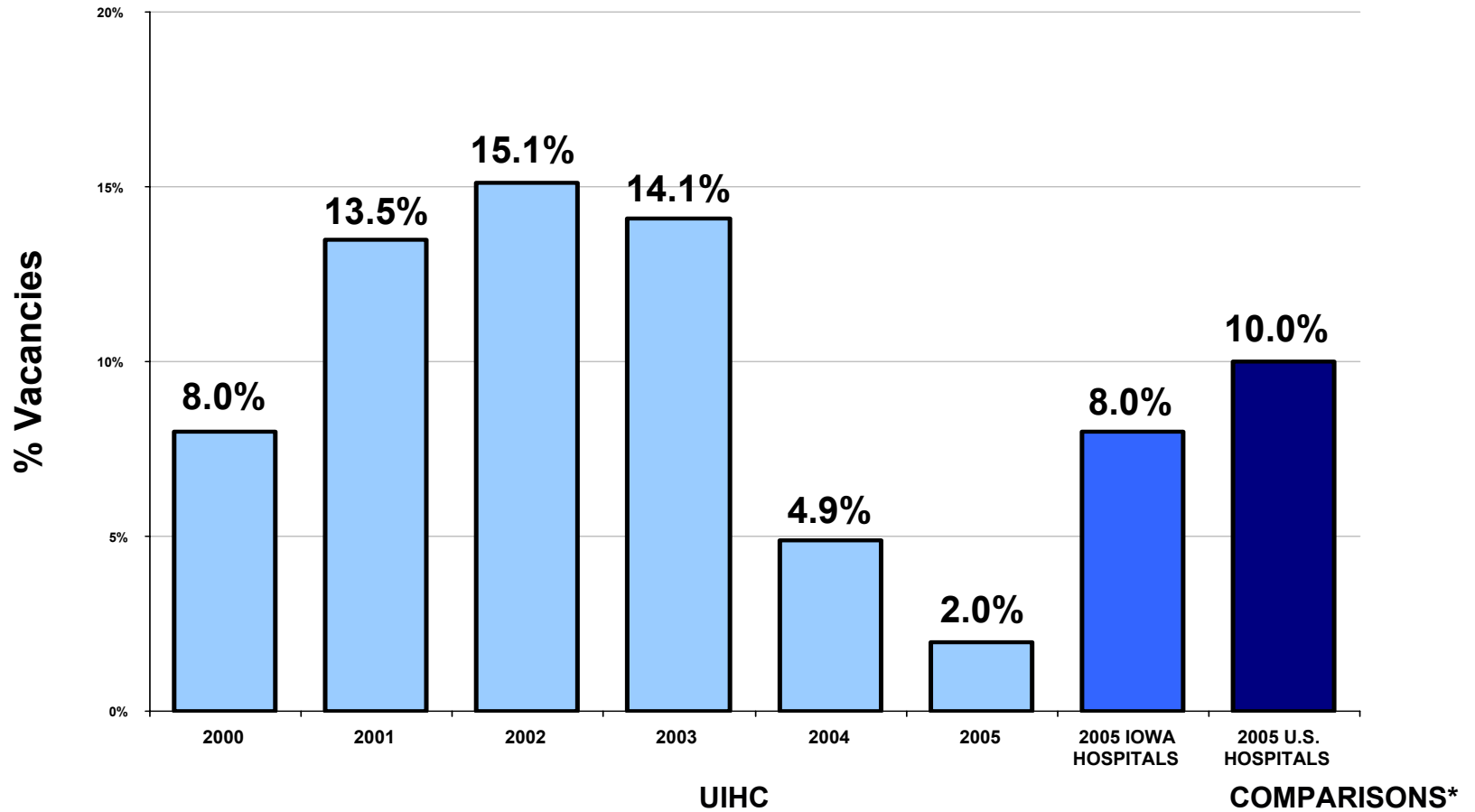
\* Benchmark is the 50<sup>th</sup> percentile of the University Health System Consortium for the two quarters ending Dec 2005 inflated by 2005 Midwest Medical Care CPI of 4.79% annually..

# Monthly Agency Staff FTE's

## Fiscal Years 2004, 2005 and 2006



## Nurse Vacancy Rate



\*Source: U.S. Bureau of Labor and Statistics, projected nurse vacancy rate for calendar year 2005

# Cash Acceleration and Revenue Cycle Redesign

- Development of “Pre-Access Unit”
  - Bed Placement Center opened to facilitate bed transfers and referrals
  - Insurance Verification/ Authorization
  - Addition of Health Benefit Advisors
  - Upfront Cash Collections
- Development of Revenue Integrity Department
  - Identified and corrected \$10 million in managed care underpayments over a two-year period
- Focused efforts in Managed Care Contracting Strategy
- Review of Charge Master
- Documentation Accuracy/ Coding with 3M



# **Quality, Safety, Outcomes Reporting**

## Patient Centered Initiatives and Quality

- Blood Product Administration using wireless and barcode technology
- Electronic Medication Administration
- Bed Management System
- 100,000 Lives Campaign
- Center of Excellence in Image Guided Radiation Therapy
- ETC Expansion
- ICU Information System
- Wireless Facility

## Quality Improvement Initiatives

- Voluntarily submitting data to Center for Medicare & Medicaid Services on heart attacks, heart failure & pneumonia
- Performance Improvement Teams for I.H.I. 100,000 Lives Campaign
  - Deploying Rapid Response
  - Prevention of Central Line Bloodstream Infection
  - Improved Care for Acute Myocardial Infarction
  - Prevention of Adverse Drug Events
  - Prevention of Ventilator Associated Pneumonia
  - Prevention of Surgical Site Infections



# Information Technology

# Advancing Technology

- Implementation of Bar-Coding for Blood Product Administration
- Development of Strategic Plan for Information Systems
- Selection of New Clinical Information System
- Implementation of Electronic Medication Administration System
- Implementation of new ICU Information System
- Focusing more time and attention on technology to stay ahead of the curve
- Becoming the source of researching new modalities
- Developing new information technology for conducting clinical research
- Providing enhanced capability to access specialists in communities where they are not available
- Training health care professionals and future physicians in the use of the new technologies

# Volume Growth

# Volume Growth – Capacity Optimization

- Bed Placement Center
- Collaborative and Multi-Disciplinary Care
- Operating Room/ Surgical Suite Utilization
- Office of Operations Improvement
  - Lean Six Sigma Concepts
- Length of Stay Management
- Plans for Increased NICU and OB Beds
- Volume Growth Achievements
  - Inpatient admissions up 3.9% over prior year
  - Emergency Treatment Center visits up 7.0% over prior year
  - Outpatient clinic visits up 0.8% over prior year

# Length of Stay Management

- Expansion of Bed Placement Function
  - The Adult Bed Placement Center now coordinates admissions for Medical Psychiatric, Medical Intensive Care, and Coronary Care units
- Bone Marrow Transplant Unit
  - Staff holding regular meetings to discuss Length of Stay issues and potential process improvements
- Reorganization of Nurse Navigator Program
  - More effective coverage of surgical and neurosurgical services
  - Continuum of Care nurse rounds with physicians in Neurosurgery
- Priority Acute Myocardial Infarction Protocol
  - Implemented in Cardiology and Emergency Trauma Center
- Social Work Coverage in Emergency Trauma Center
- Pre-Surgical Screening in ENT Clinic
- Institution-Wide Discharge Summary



# Accreditation

## Accreditation Visits

- Accreditation Council for Graduate Medical Education (ACGME) site visit on March 7, 2006
- UIHC Burn Unit reverification on April 17, 2006 by the Committee on Trauma of the American College of Surgeons (ACS) and the American Burn Association (ABA)
- Level I Trauma Center Re-verification Visit by the American College of Surgeons occurred 10/24 – 10/25

# Pathology Surveys

- Special Function Laboratories
  - No Type I citations and only two supplementals
  - Pathology Department Quality Unit worked closely with Department of Nursing and the staff in each of the Special Function Labs to achieve this result
- Main Pathology Labs
  - Only two Phase II and two Phase I citations
  - Inspectors recommended publishing a paper about our innovative Pathology Quality Program, and described the new Blood Center bar code based transfusion system as a "Best Practice" for others to emulate
- In both cases, the results of the inspections were among the best ever obtained at UIHC!

# Lung Transplant Certification

- United Network for Organ Sharing (UNOS)
  - UNOS is the national umbrella organization for the transplant community
  - UNOS manages the national transplant waiting list, matching donors to recipients
  - UNOS sets professional standards for efficiency and quality patient care, maintains the database for clinical transplant data, and educates the public about the importance of organ donation
- Lung Transplants
  - UIHC received approval for a lung transplant program from UNOS

# Comprehensive Cancer Center Designation

- National Cancer Institute re-accredited Holden Comprehensive Cancer Center (HCCC), Iowa's only NCI-designated comprehensive cancer center
- This honor places HCCC in the top tier of cancer centers across the nation
- The NCI officially notified the leadership of Holden Comprehensive Cancer Center that its P30 Cancer Center Support Grant will be renewed for a five-year period
- The NCI increased its financial support to HCCC by 50 percent to more than \$2.2 million per year, or a total of \$11.6 million

## Iowa Statewide Poison Control

- A partnership between UIHC and Iowa Health System, working closely with state and local authorities to improve Iowa's preparedness for handling natural or man-made disasters
- Iowa Statewide Poison Control recently attained national certification by the American Association of Poison Control Centers

# Fundraising

## Hope Lodge

- Russell and Ann Gerdin pledged a \$2 Million challenge grant to establish a Hope Lodge in Iowa City, kicking off the \$8 million statewide campaign
- The Hope Lodge will provide free, non-medical lodging for adult cancer patients and their caregivers in a home-like setting
- The facility, consisting of 30 rooms, will be named the, “Russell and Ann Gerdin American Cancer Society Hope Lodge”
- The Hope Lodge will be located near the Ronald McDonald house, with access to the University of Iowa Holden Comprehensive Cancer Center, VA Hospital, and Mercy Hospital of Iowa City
- There are currently 22 American Cancer Society Hope Lodges nationwide, all of which are supported by funding from the American Cancer Society and charitable giving



# Radiothon and Dance Marathon

- KHAK Radiothon
  - Marathon broadcast occurred 9/13 – 9/16.
  - Proceeds to benefit patients of Children's Hospital of Iowa at UI Hospitals and Clinics and its outreach clinics
  - This year's effort raised \$182,272 in donations
- Dance Marathon
  - ISU Dance Marathon raised \$113,000, an increase of \$28,000 over last year
  - UI raised a record \$686,251

# **Community Engagement, Outreach, and Education**

# Community Engagement

## Themes:

- Contribute
  - Provide staff members with meaningful opportunities to contribute to their communities that reinforce being a workplace of choice
- Embrace
  - Embrace our communities by creating opportunities for more members of the public to experience UIHC firsthand
- Celebrate
  - Celebrate the value that staff contributions bring to our communities through recognition events and publicity

# Community Engagement

- Johnson County Fair, July 2005
- Thanksgiving in July Food Drive, July 2005
- Hurricane Katrina Relief Efforts here at the hospital, Sept. 2005
- March of Dimes Signature Chef's Auction, Nov. 2005
- Go Red For Women, AHA Luncheon, Dec. 2005
- American Heart Association Walk, April 2006
- Special Olympics Mid-Winter Games, March 2006
- Iowa State Fair, August 2006
- Light The Night Walk, Sept. 2006
- Mitten and Scarf Tree at UI Hospitals and Clinics
- Girl Scouts' Grow Strong, Live Long program
- United Way
- Health For Your Lifetime programs
- Numerous sponsorships and walks

# Patient and Family Input

- Adult Patient and Family Advisory Group
  - Former patients and family members meet regularly to confer with CEO and others within UIHC
  - Provide advice on improving patient and family experience, e.g., strategic plan, patient bill and statement format, facilities plans
- CHI Family Advisory Council
  - Parents of current and former pediatric patients
  - Provide family perspective in facilities planning and policy development
- CHI Youth Advisory Council
  - Former and current patients, ages 12-18
  - Provide patient perspective, eg. A La Carte food service and ultimate patient room

## Diabetes Screening

- Persons who have a family member with diabetes, are overweight, had diabetes during a pregnancy, delivered a baby that weighed more than nine pounds, or are of Native American, African American, or Hispanic descent are at risk for impaired glucose tolerance or diabetes
- UIHC provides free REACH screenings (Reaching Euglycemia and Comprehensive Health), which include a risk assessment, fasting blood sugar, and physician recommendations for follow-up

## Women in Science

- The UIHC has partnered with the Girl Scouts of Mississippi Valley in their ‘Grow Strong, Live Long’ campaign in order to encourage and support young girls in the pursuit of a healthy lifestyle
- Nationally, demographic data show women as underrepresented in many math and science fields
- “Women in Science,” suggested by UIHC Director Donna Katen-Bahensky, was designed to teach girls about health care careers while promoting fitness
- On April 1, 2006, University Hospitals opened its doors to area girl scouts for a rare, behind-the-scenes peek at the state’s premier teaching hospital
- Girl Scouts from multiple troops across eastern Iowa were invited to visit with several female healthcare leaders and potential role models in hopes of inspiring them to enter careers in science and/or healthcare

## International Visitors

- UIHC hosted a delegation of 10 physician/administrators from Russia for two days on April 10<sup>th</sup> and 11<sup>th</sup>
- The visit was organized through the Center for Citizen Initiatives (CCI), and several Quad-Cities area Rotary Clubs
- While at the UIHC, delegates learned about strategic planning, effective clinical operations, quality and safety initiatives, and the role of technology in health care delivery





## Emergency Preparedness

- Member of the National Disaster Medical System, which ensures that our nation is prepared to respond to mass casualties
- Participant in statewide bio-emergency preparedness planning group
- Sponsor of a Disaster Medical Assistance Team for responding to disasters statewide
- Participant in county-wide emergency preparedness drills
- Participation by UIHC staff in Iowa Partnership for Homeland Security workshops and preparedness exercises

# Influenza Vaccination – Disaster Preparedness Drill

- Special drill designed to test the hospital's ability to rapidly vaccinate health care workers efficiently without disrupting clinical care.
- UIHC employees set a hospital record – providing the most flu vaccinations ever in less than 24 hours
- 1,164 staff, faculty, and volunteers received flu shots during the first day of the drill

## Smoke-Free Policy

- On October 5th, the UIHC's University Hospital Advisory Committee voted to reduce the number of locations where smoking is permitted on hospital grounds
- This action was consistent with recommendations from the Joint Commission on Accreditation of Healthcare Organizations, the Iowa Hospital Association, the Iowa Attorney General's Office and the Iowa Consortium for Comprehensive Cancer Control
- UIHC's ultimate goal is to completely eliminate the hazard of secondhand smoke for patients, visitors and staff while they are on hospital grounds
- The UIHC grounds went completely smoke-free on July 1, 2006

## Paramedic Specialist Training Program

- The Emergency Medical Services Learning Resources Center (EMSLRC) will conduct a full-time, in-house Paramedic Specialist Training Program beginning Tuesday, January 3rd
- This nationally accredited program consists of 15 weeks of intensive classroom training, supervised clinical experience in a hospital setting, and an internship with a paramedic-level ambulance service

## UIHC's Balanced Scorecard

<b>Innovative Care</b>	<b>Excellent Service</b>
<b>Exceptional Outcomes</b>	<b>Strategic Support</b>

# University of Iowa Hospitals and Clinics INSTITUTIONAL SCORECARD\*

<b>INNOVATIVE CARE</b>			
	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2006 Target</b>
<b>Market Share (Iowa resident inpatients)</b>	6.5%	7.1	7.3%
<b>Acute Admissions</b>	25,063	26,030	25,839
<b>Clinic Visits (UIHC only)</b>	668,456	673,947	693,348
<b>Average Length of Stay – Acute Care Patients</b>	6.99	6.73	6.50

\*unaudited

# University of Iowa Hospitals and Clinics INSTITUTIONAL SCORECARD\*

EXCELLENT SERVICE			
	FY 2005	FY 2006	FY 2006 Target
Number of External Referrals	179,198	173,339	184,574
Adult Inpatient Overall Hospital Rating	81.7%	82.0%	84.0%
Pediatric Inpatient Overall Hospital Rating	84.1%	84.4%	86.6%

\*unaudited

# University of Iowa Hospitals and Clinics INSTITUTIONAL SCORECARD\*

## EXCEPTIONAL OUTCOMES

	FY 2005	FY 2006	FY 2006 Target**
Observed/expected mortality ratio	.77	.71	<1.00

\*unaudited

\*\*lower is better



# University of Iowa Hospitals and Clinics INSTITUTIONAL SCORECARD\*

<b>STRATEGIC SUPPORT</b>			
	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2006 Target</b>
<b>Cost per adjusted admission**</b>	\$8,941	\$8,664	\$8,888
<b>Operating margin</b>	3.03%	3.53%	3.20%
<b>Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA)</b>	\$71,937,422	\$71,888,599	\$71,888,599

\*unaudited

\*\*CMI adjusted

## FY 2006 Accomplishments Recap

In Fiscal Year 2006, UIHC:

- Enhanced the quality of care for all patients while fulfilling the mission of providing care to those unable to pay
- Maintained focus on all three missions – patient care, education, and research – in partnership with the Carver College of Medicine and Faculty Practice Plan
- Recruited world-class clinical leaders in partnership with the Carver College of Medicine
- Maintained a vital and engaged cadre of professional health care staff.
- Achieved targeted margins and maintain a very high bond rating (Moody's Aa2, Standard & Poor's AA)

# **Operating and Financial Performance**

## **Year-to-Date October 2006**

**Donna Katen-Bahensky**

Director and Chief Executive Officer

**Dan Rieber**

Interim Associate Director and Chief Financial Officer

# Volume Indicators

## July 2006 through October 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
<b>Operating Review (YTD)</b>							
Admissions	9,256	8,698	8,500	558	6.4% ●	756	8.9% ●
Patient Days	61,725	56,390	58,484	5,335	9.5% ●	3,241	5.5% ●
Length of Stay	6.67	6.48	6.88	0.19	2.9% ●	(0.21)	-3.1% ●
Average Daily Census	501.83	458.46	475.48	43.37	9.5% ●	26.35	5.5% ●
Surgeries - Inpatient	3,566	3,480	3,412	86	2.5% ○	154	4.5% ●
Surgeries - Outpatient	3,598	3,644	3,573	(46)	-1.3% ○	25	0.7% ○
Emergency Treatment Center Visits	12,952	12,146	11,823	806	6.6% ●	1,129	9.5% ●
Outpatient Clinic Visits	228,176	221,727	222,543	6,449	2.9% ●	5,633	2.5% ●
Case Mix	1.7337	1.7360	1.7493	(0.0023)	-0.1%	(0.0156)	-0.9%
Medicare Case Mix	1.8926	1.8797	1.8623	0.0129	0.7%	0.0303	1.6%



**Greater than  
2.5% Favorable**



**Neutral**



**Greater than  
2.5% Unfavorable**

# Comparative Financial Results

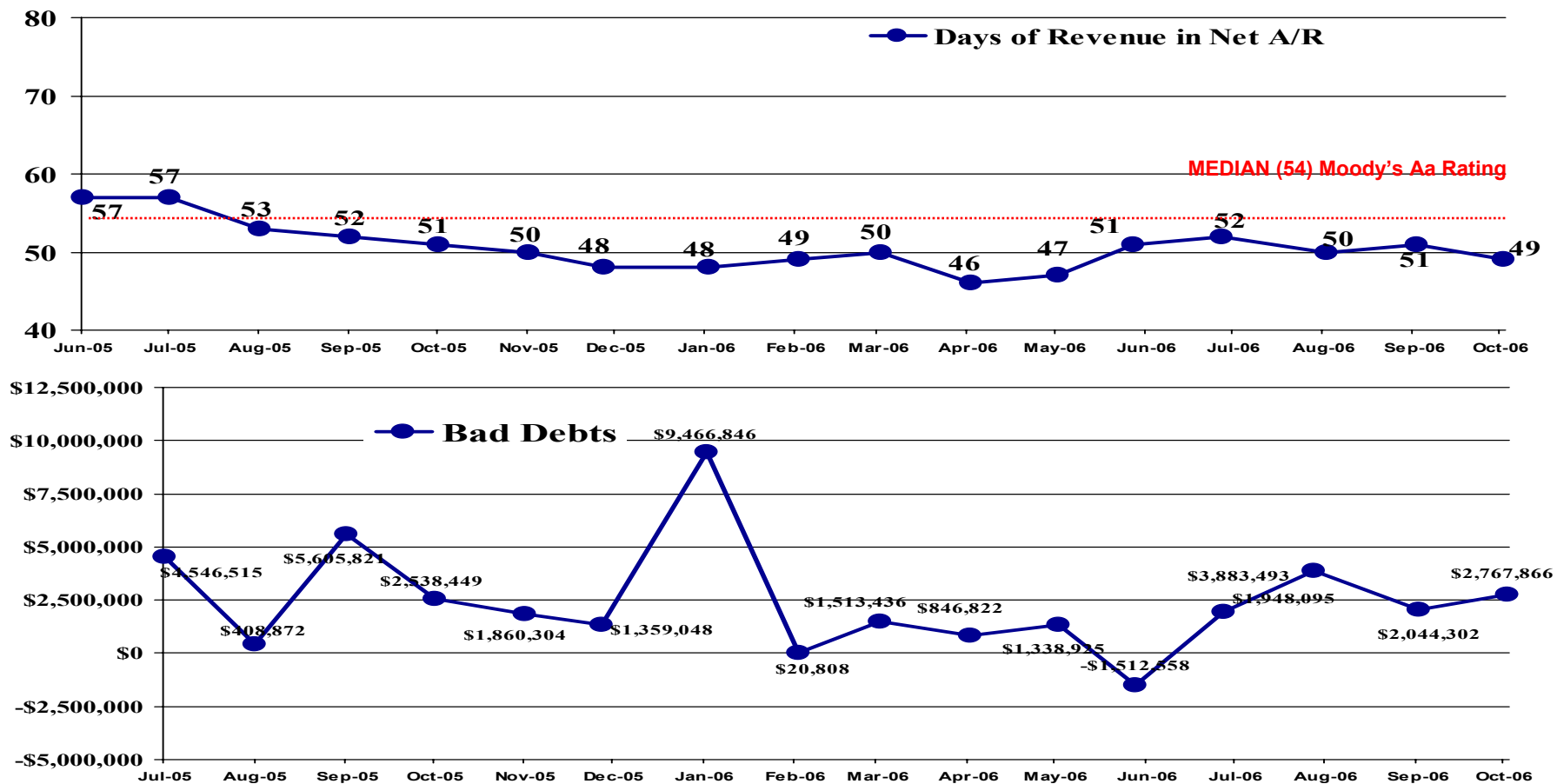
July 2006 through October 2006

	Actual	Budget	Prior Year	Variance to Budget	% Variance to Budget	Variance to Prior Year	% Variance to Prior Year
<b>NET REVENUES:</b>							
Patient Revenue	\$242,752	\$237,469	\$220,225	\$5,283	2.2%	\$22,527	10.2%
Appropriations	4,469	4,469	4,469	0	0.0%	0	0.0%
Other Operating Revenue	12,943	13,226	13,011	(283)	-2.1%	(68)	-0.5%
<b>Total Revenue</b>	<b>\$260,164</b>	<b>\$255,164</b>	<b>\$237,705</b>	<b>\$5,000</b>	<b>2.0%</b>	<b>\$22,459</b>	<b>9.4%</b>
<b>EXPENSES:</b>							
Salaries and Wages	\$132,224	\$131,135	\$120,995	\$1,089	0.8%	\$11,229	9.3%
General Expenses	99,417	97,614	91,053	1,803	1.8%	8,364	9.2%
Operating Expense before Capital	231,641	228,749	212,048	2,892	1.3%	19,593	9.2%
<b>Earnings Before Depreciation, Interest, and Amortization (EBDITA)</b>	<b>28,523</b>	<b>26,415</b>	<b>25,657</b>	<b>2,108</b>	<b>8.0%</b>	<b>2,866</b>	<b>11.2%</b>
Capital- Depreciation and Amortization	18,136	18,088	16,786	48	0.3%	1,350	8.0%
Total Operating Expense	\$249,777	\$246,837	\$228,834	\$2,940	1.2%	\$20,943	9.2%
<b>Operating Income</b>	<b>\$10,387</b>	<b>\$8,327</b>	<b>\$8,871</b>	<b>\$2,060</b>	<b>24.7%</b>	<b>\$1,516</b>	<b>17.1%</b>
<b>Operating Margin %</b>	<b>4.0%</b>	<b>3.3%</b>	<b>3.7%</b>	<b>0.7%</b>	<b>21.2%</b>	<b>0.3%</b>	<b>8.1%</b>
Gain (Loss) on Investments	8,866	3,268	3,208	5,598	171.3%	5,658	176.4%
Non-Recurring Items	0	0	0	0	0.0%	0	0.0%
<b>Net Income</b>	<b>19,253</b>	<b>11,595</b>	<b>12,079</b>	<b>7,658</b>	<b>66.0%</b>	<b>7,174</b>	<b>59.4%</b>
<b>Net Margin %</b>	<b>7.2%</b>	<b>4.5%</b>	<b>5.0%</b>	<b>2.7%</b>	<b>60.0%</b>	<b>2.2%</b>	<b>44.0%</b>

**NOTE:** all dollar amounts are in thousands

# Comparative Accounts Receivable at October 31, 2006

	June 30, 2005	June 30, 2006*	October 31, 2006
Net Accounts Receivable	\$93,964,049	\$95,976,921	\$96,066,724
Net Days in AR	57	51	49



\* unaudited

# IowaCare Update

## **Donna Katen-Bahensky**

Director and Chief Executive Officer

## **Stacey Cyphert**

Special Advisor to the President,  
Special Advisor to the Dean of CCOM,  
Senior Assistant Hospital Director

# IowaCare

- Brief review of the DHS annual IowaCare report
- Updated utilization numbers will be discussed if available



## **Director's Remarks**

**Donna Katen-Bahensky**

Director and Chief Executive Officer

## Director's Remarks

- I. Recruitment
- II. Recent Awards and Recognition
- III. Other